

QUARTERLY FACT SHEET

31 March 2016

DORIC NIMROD AIR TWO LIMITED

LSE: DNA2

The Company

Doric Nimrod Air Two Limited ("the Company") is a Guernsey domiciled company, which was listed on the Specialist Fund Market (SFM) of the London Stock Exchange on 14 July 2011 with the admission of 72.5 million Ordinary Shares at an issue price of 200p per share. On 27 March 2012, the Company issued 100,250,000 C Shares at 200p per share. With effect from 6 March 2013 C Shares were converted into Ordinary Shares. One Ordinary Share has been received for every one C Share, resulting in 172,750,000 Ordinary Shares in total. The market capitalisation of the Company was GBP 370.1 million as of 31 March 2016.

The Company has four wholly-owned subsidiaries: MSN077 Limited, MSN090 Limited, MSN105 Limited and Doric Nimrod Air Finance Alpha Limited ("DNAFA").

The Company acquired a total of seven Airbus A380-861 aircraft between October 2011 and November 2012. Each aircraft is leased to Emirates Airline ("Emirates") - the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates - for an initial term of 12 years from the point of delivery, with fixed lease rentals for the duration. In order to complete the purchase of the first three aircraft, MSN077 Limited, MSN090 Limited and MSN105 Limited entered into three separate loans, each of which will be fully amortised with quarterly repayments in arrear over 12 years.

The net proceeds from the C Share issue ("the Equity") were used to partially fund the purchase of four of the seven Airbus A380s. In order to help fund the acquisition of these final four aircraft, DNAFA issued two tranches of enhanced equipment trust certificates ("the Certificates" or "EETC") - a form of debt security - in June 2012 in the aggregate face amount of USD 587.5 million. DNAFA used the proceeds from both the Equity and the Certificates to finance the acquisition of four new Airbus A380 aircraft leased to Emirates.

Investment Strategy

The Company's investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling a portfolio of

aircraft. The Company receives income from the lease and its directors are targeting a gross distribution to the shareholders of 4.5 pence per share per quarter (amounting to a yearly distribution of 9.0% based on the initial placing price of 200p per share). It is anticipated that income distributions will continue to be made quarterly.

The total return for a shareholder investing today (31 March 2016) at the current share price consists of future income distributions during the remaining lease duration and a return of capital at dissolution of the Company. The latter payment is subject to the future value and the respective sales proceeds of the aircraft, quoted in US dollars and the USD/GBP exchange rate at that point in time. Since launch three independent appraisers provide the Company with their future values for the aircraft at the end of each financial year. The latest appraisals available are dated the end of March 2015. The table below summarizes the total return components, calculated on different exchange rates and using the average value of the aircraft as provided by the three independent external appraisers. Regarding the following two tables, there is no guarantee that the aircraft will be sold at such a sale price or that such capital returns would be generated. It is further assumed that the lessee will honour all its contractual obligations during the entire anticipated lease term.

I. Implied Future Total Return Components Based on Appraisals¹

The implied return figures are not a forecast and assume the Company has not incurred any unexpected costs.

Aircraft portfolio value at lease expiry according to

- Prospectus appraisal USD 863 million
- Latest appraisal² USD 805 million

Per Share	Income Distributions	Return of Capital		Total Return ³	
		Prospectus Appraisal	Latest Appraisal ⁴	Prospectus Appraisal	Latest Appraisal ⁴
Prospectus FX Rate ⁵	153p	322p	305p	476p	458p
Current FX Rate ⁶	153p	346p	327p	499p	480p

¹See final sentences of Investment Strategy ²Date of valuation: 31 March 2015

³Excluding earned dividend ⁴Average of the three appraisals as at the Company's year-end in the respective expiry year of the respective lease

⁵1.56 USD/GBP Initial Admission / 1.53 USD/GBP C Shares Admission

⁶1.4369 USD/GBP (31 March 2016)

II. Company Facts (31 March 2016)	
Listing	LSE
Ticker	DNA2
Current Share Price	214.25p (closing)
Market Capitalisation	GBP 370.1 million
Initial Debt	USD 1.03 billion
Outstanding Debt Balance	USD 708.7 million (69% of Initial Debt)
Current/Future Anticipated Dividend	4.5p per quarter (18p per annum)
Earned Dividends	71p
Current Dividend Yield	8.40%
Dividend Payment Dates	April, July, October, January
Expected Future Total Cash Multiple ¹	2.24 (based on the Current Share Price)
Total Expense Ratio	1.1% (based on Average Net Assets)
Currency	GBP
Launch Date/Price	14 July 2011 / 200p
Average Remaining Lease Duration	8 years 4 months
C Share Issue Date/Price	27 March 2012 / 200p
C Share Conversion Date/Ratio	6 March 2013 / 1:1
Incorporation	Guernsey
Aircraft Registration Numbers (Lease Expiry Dates)	A6-EDP (14.10.2023), A6-EDT (02.12.2023), A6-EDX (01.10.2024), A6-EDY (01.10.2024), A6-EDZ (12.10.2024), A6-EEB (09.11.2024), A6-EEC (30.11.2024)
Asset Manager	Doric GmbH
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC (Guernsey) Ltd
Auditor	Deloitte LLP
Market Makers	Jefferies International Ltd, Numis Securities Ltd, Shore Capital Ltd, Winterflood Securities Ltd
SEDOL, ISIN	B3Z6252, GG00B3Z62522
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairtwo.com

¹See final sentences of Investment Strategy

Asset Manager's Comment

1. The Assets

In November 2012, the Company completed the purchase of all seven Airbus A380 aircraft bearing manufacturer's serial numbers (MSN) 077, 090, 105, 106, 107, 109 and 110. All seven aircraft are leased to Emirates for an initial term of 12 years from the point of delivery with fixed lease rentals for the duration.

The seven A380s owned by the Company recently visited Amsterdam, Auckland, Bangkok, Barcelona, Frankfurt, Jeddah, London Heathrow, Manchester, Melbourne, Mumbai, Munich, New York JFK, Perth, Rome, Sydney and Zurich.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of February 2016 was as follows:

Aircraft Utilization				
MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
077	14/10/2011	20,513	2,380	8 h 40 min
090	02/12/2011	18,044	3,022	6 h
105	01/10/2012	15,018	2,438	6 h 10 min
106	01/10/2012	16,379	1,856	8 h 50 min
107	12/10/2012	16,143	1,852	8 h 45 min
109	09/11/2012	14,025	2,275	6 h 10 min
110	30/11/2012	14,331	2,403	6 h

Maintenance Status

Emirates maintains its A380 aircraft fleet based on a maintenance programme according to which minor maintenance checks are performed every 1,500 flight hours, and more significant maintenance checks (C checks) at 24 month or 12,000 flight hour intervals, whichever occurs first. Emirates bears all costs (including for maintenance, repairs and insurance) relating to the aircraft during the lifetime of the lease.

Inspections

Results of the inspection completed for MSN 090 during a service check in November 2015 show that the aircraft was in compliance with the provisions of the lease agreement.

Doric, the asset manager, performed an inspection of MSN 105 in February 2016 following an overnight maintenance event at Dubai International Airport. The physical condition of the aircraft was in compliance with the provisions of the lease agreement. During the period under review Doric also undertook records audits for MSNs 077 and 090. The final report was not available at the editorial deadline.

2. Market Overview

During the year 2015 passenger demand, measured in revenue passenger kilometres (RPKs), increased by 6.5% compared to the year before. This is the strongest performance since 2010 and well above the 10-year average growth rate of 5.5%. Lower airfares more than compensated for the weaker economic fundamentals in some regions of the world. Adjusted for distortions caused by the rise of the US dollar, global ticket prices were 5% lower than in 2014. For 2016 IATA expects a supportive environment for another year of strong passenger traffic. Further declining oil prices in the last few months might provide further stimulus for air travel growth in the current year. In its latest forecast released in December, IATA expects an RPK growth of 6.9% for 2016 – a moderate increase compared to the previous year's growth rate. In 2015 airlines increased their capacities, measured in available seat kilometres (ASKs), by 5.6%. The Middle East (+12.6%) and Asia/Pacific (+6.7%) were the most active regions in terms of capacity growth.

The average passenger load factor in 2015 was 80.4%. This is an increase of 0.7 percentage points compared to the year before, a record annual high. IATA estimates an average worldwide passenger load factor of 80.4% for the full year 2016.

A regional breakdown reveals that Middle East airlines continue to outperform the overall market in 2015. RPKs increased by 10.1% compared to 2014. Asia/Pacific-based operators

followed with 8.6%. Latin America grew by 6.8%, and Europe by 5.1%. North American market participants recorded 4.3% more RPKs and growth in Africa was 3.1%.

After a sharp decline in oil prices starting in the autumn of 2014, IATA has revised its fuel price target several times. In its latest report released in December, the industry association expects an average price per barrel of USD 63.8 during 2016. Fuel is the single largest operating cost of airlines and has significant effects on the industry's profitability. Comparatively low oil prices could drive the average share of fuel costs in operating expenses down to 21% this year and could further boost the industry-wide net profit to an estimated USD 36.3 billion. The net profit margin of 5.1% would be the highest for more than a decade. In 2015 the industry net profit reached USD 33 billion, compared to USD 17.3 billion the year before. The profit development during this year will heavily depend on the oil price level. IATA has observed forecasts performed by third parties with a range between USD 20 and USD 60 per barrel and assumes USD 63.8 per barrel for its own calculations. By the end of March 2016 the price per barrel of Brent crude was around USD 40.

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3. Lessee – Emirates Key Financials

During the first half of the current financial year ending on 31 March 2016 Emirates recorded revenues, including other operating income, of USD 11.5 billion. This is 4% below the previous year's figure. According to a company statement the unfavourable currency environment and lower average fares - some of the fuel costs savings were passed on to passengers - were contributing factors. The carrier was further challenged by continued regional unrest and increased competition which added downward pressure on its yields.

However the airline posted a net profit of USD 849 million, representing an increase of 65% compared to the same period last year. Lower fuel prices more than compensated for the adverse external factors and improved the airline's bottom line significantly. The average fuel price in the reporting period was 41% below the one in the first six months of the previous financial year. Fuel costs remained the largest component in Emirates' operating costs, but decreased by 10 percentage-points to 28%. The airline's profitability was also fostered by its continued ability to grow passenger demand.

As of 30 September 2015, the balance sheet total amounted to USD 30 billion, a decrease of 1.3% compared to the beginning of the financial year. Total equity increased by 10.1% to USD 8.5 billion with an equity ratio of 28.3%. The current ratio stood at 0.67, meaning the airline would be able to meet about two thirds of its current liabilities by liquidating all of its current assets. Significant items on the liabilities side of the balance sheet included current and non-current borrowings and lease liabilities in the amount of USD 13 billion. As of 30 September 2015, the carrier's cash balance was USD 3.2 billion, down by USD 1.4 billion compared to the beginning of the 2015/16 financial year. This was largely caused by

continued investment in new aircraft, ancillary infrastructure projects and acquisitions.

During the first half of the 2015/16 financial year the airline's ASKs increased by 16%. Measured in RPKs passenger traffic grew by 11%, resulting in an average passenger load factor of 78.3%. This is below the 81.5% reached in the prior period. A record 25.7 million passengers flew with Emirates between 1 April and 30 September 2015 – an increase of 10% compared to the previous financial year.

The year 2015 marked Emirates' 30th year of operations. With over 51.3 million passengers travelling on more than 186,000 flights the volume of passengers increased by 9% compared to 2014. The airline's fleet of modern and fuel efficient aircraft covered more than 824 million kilometres around the globe. This distance is equivalent to more than 1,000 trips to the moon and back. Reviewing the achievements and challenges, Emirates' President Tim Clark was quoted as follows: "2015 has been one of considerable growth for Emirates as we continued to steer our course despite the headwinds of regional conflict, unfavourable currency impact, and shaky business and consumer confidence in many global markets."

In 2015 the airline expanded its network to 150 destinations with the addition of six passenger destinations. Emirates uplifted frequencies and upgraded capacity to numerous points across its network. The increasing number of A380 aircraft joining the fleet allowed the airline to introduce superjumbo services to a further four destinations during the course of the previous year. At the same time A380 services to nine already existing routes were increased.

Emirates is the world's largest operator of wide-body passenger aircraft. As of 31 March 2016 Emirates had 251 wide-body aircraft in operation. The number of Emirates' orders yet to be delivered stood at 252 aircraft. The airline operates the world's largest fleet of Airbus A380 and Boeing 777-300ER aircraft. Between January and December 2016 Emirates plans to phase in 37 new aircraft including 21 A380s.

In January 2016 Emirates released its fifth Environmental Report covering the financial year 2014-15 which ended on March 31, 2015. During the period under review, the fuel and carbon dioxide efficiency on a passenger kilometre basis remained unchanged compared to the previous period. On average 3.99 litres per 100 passenger kilometres were consumed. Emirates continued its fleet renewal strategy and replaced ten older and less fuel efficient aircraft with modern jets such as the A380. These efforts were affected by a number of operational limitations. Airspace closures due to security concerns and instability in many parts of the world resulted in higher fuel consumption, as did carrying more contingency fuel than usual. Another contributing factor was the runway refurbishment and upgrading project at Dubai International Airport (DXB), which lasted 80 days between May and July 2014 and impacted the airline's operations. In the long run Emirates will benefit from this investment. New rapid exit taxiways will boost the capacity and contribute to further improve the operator's carbon footprint. Furthermore, the carrier is pursuing a number of measures to increase fuel efficiency, e.g. by cooperating with aviation authorities and air traffic control organizations to test

and validate new fuel-saving flight procedures and operational measures. Emirates is 14% more fuel efficient than IATA's fleet average.

Source: Ascend, Emirates

4. Aircraft — A380

At the end of March 2016 Emirates operated a fleet of 75 A380s which currently serve 38 destinations from its Dubai hub: Amsterdam, Auckland, Bangkok, Barcelona, Beijing, Birmingham, Brisbane, Copenhagen, Dallas, Dusseldorf, Frankfurt, Hong Kong, Houston, Jeddah, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Madrid, Manchester, Mauritius, Melbourne, Milan, Mumbai, Munich, New York JFK, Paris, Perth, Rome, San Francisco, Seoul, Shanghai, Singapore, Sydney, Toronto, Washington and Zurich. Prague, Taipei and Vienna are scheduled to become A380 destinations later this year.

The introduction of A380 services to the US capital on February 1, 2016 took place immediately after United Airlines withdrew the route to Dubai from its flight schedule in order to restore route capacity. Washington D.C.'s Dulles International Airport has been serviced by Emirates since September 2012 and is one of the most successful and profitable routes, according to Tim Clark. Until February of this year Emirates deployed a Boeing 777-300ER on this daily flight.

In March 2016 the global A380 fleet consisted of 184 commercially used planes in service. The thirteen operators are Emirates (75), Singapore Airlines (19), Deutsche Lufthansa (14), Qantas (12), Air France (10), Korean Airways (10), British Airways (11), Malaysia Airlines (6), Thai Airways (6), China Southern Airlines (5), Qatar Airways (6), Asiana (4) and Etihad Airways (6). The number of undelivered A380 orders

stood at 135. This includes an order of three A380 aircraft placed by Japan-based carrier All Nippon Airways (ANA) in December 2015 and disclosed in January this year. The single-aisle operator will start A380 operations in 2019 to meet increasing traffic demands to and from Japan. Airbus' order book also shows an adjustment with regard to a four aircraft order originally placed by Transaero Airlines, which filed for bankruptcy protection in September 2015 and ceased flight operations a month later. Three of the aircraft are now assigned to Air Accord, a special purpose vehicle, and the remainder has been cancelled. Air France's decision to cancel its remaining pair of A380s by converting the order into three Airbus A350-900 is not yet reflected in the order book.

In January 2016 Iranian flag carrier Iran Air and Airbus signed a heads of term agreement for the acquisition of 118 aircraft in total, including 12 A380s. The next step is to firm this up in a purchase order and obtain a US export licence. For this reason these aircraft are not yet part of Airbus' order book.

The parent company of the A380 operator British Airways (BA) is evaluating leasing used A380s. According to its CEO Willie Walsh, IAG might add five or six second-hand aircraft to its current fleet of 11 superjumbos. Another A380 is due for delivery in June this year. "We see second-hand A380s as an attractive opportunity," Walsh said. He suggested that IAG's subsidiary Iberia could also be a potential home for another one or two. Walsh assessed the unit costs of the A380 as "very attractive". He further mentioned the A380 service operated twice-daily to Los Angeles where BA is able to maintain the capacity of three Boeing 747s while freeing up a slot at busy Heathrow airport. The statement about further superjumbos comes after previous indications that BA sees no room for additional A380s within its fleet.

Source: Airbus, Ascend, Bloomberg, Emirates



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